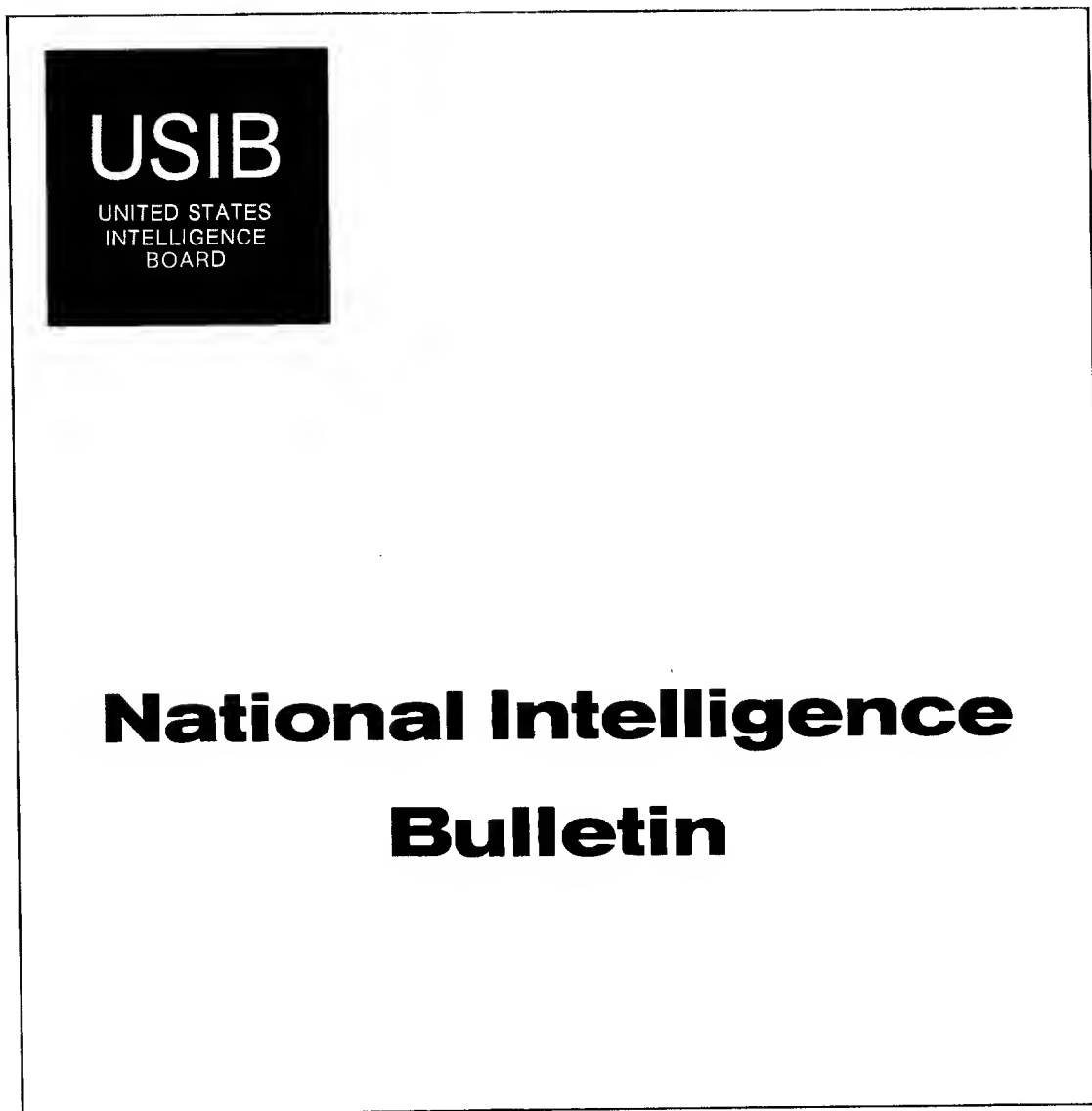


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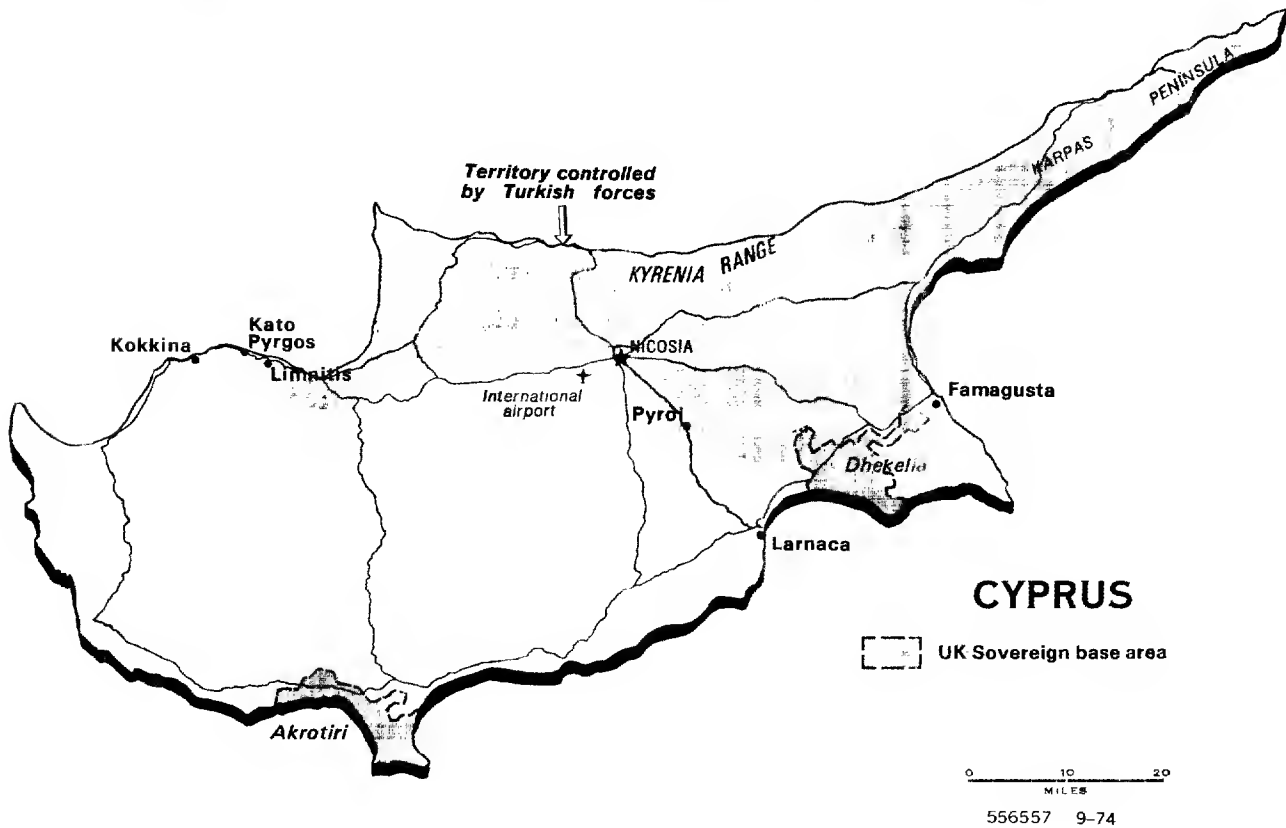
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The Greek government has apparently softened its terms for resuming negotiations on the Cyprus question.

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According to the Greeks, negotiations must be preceded by a withdrawal of Turkish forces to the area north of Pyroi and north of the old Nicosia-Famagusta road, including the Greek sector of Famagusta. The second precondition is that refugees be allowed to return to their homes and remain there in safety.

Athens had previously insisted on a cantonal system giving Turkish Cypriots a large measure of local autonomy. Athens had also set as a precondition for the resumption of negotiations a Turkish pullback to the area the Turks controlled prior to the launching of their phase-two military operations.

Athens' new flexibility brings it closer to the position recently taken by Clerides. In their meeting on September 6 to discuss humanitarian questions, Clerides and Turkish Cypriot leader Rauf Denktash reportedly agreed that the only solution to the present impasse was a geographically based federal system.

Makarios met with Greek Foreign Minister George Mavros in Geneva on September 7. Athens considers Makarios a factor still to be reckoned with and is making an effort to keep him informed of developments so as to deter him from taking any initiatives on his own.

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Mainland Turks, civilian and military, are moving rapidly to consolidate their presence on the northern third of the island. It is becoming clear, according to the US embassy in Nicosia, that it is the mainland Turks and not the Turkish Cypriots who are in control. Rauf Denktash's authority appears limited to Nicosia.

On the military front, the Turks have complained to the UN that Cypriot National Guard forces from Kato Pyrgos have been firing on Turkish positions west of Limnitis. The Turks have informed the UN that unless the firing stops, they will destroy Kato Pyrgos. This incident could be the pretext for a final thrust to Kokkina, which is believed to be a Turkish objective.

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Dissident whites are reacting bitterly to the independence agreement signed by Lisbon with the insurgent Front for the Liberation of Mozambique on September 7.

In a desperate effort to overturn the agreement, which established a joint Portuguese-Front government to rule Mozambique until independence is declared in June 1975, whites began demonstrating in the capital of Lourenco Marques shortly after the terms became known. The hastily organized whites, some of whom are armed, are calling themselves the Movement for Free Mozambique. They have seized two key radio stations in the city and may have placed armed groups at some public installations in the city. Thus far their efforts have been confined to Lourenco Marques. The dissidents probably are members of several political groups that unsuccessfully attempted to organize after the Lisbon coup.

The rebels appear to be trying to rally support from among whites and blacks throughout Mozambique who oppose the Front. Thus far, however, there are no signs of support from other parts of the territory. There are indications that the rebels want a referendum on independence and an independent government representing all political groups in the territory--two objectives discarded by Lisbon even before it began negotiating with the insurgents.

No serious violence or bloodshed has yet occurred, primarily because the authorities have not used security forces against the dissidents. Their caution stems in large part from the fact that clearly established authority has not existed in Mozambique since the dismissal of the governor general in June. Lower ranking officials now in Lourenco Marques are probably awaiting instructions from Lisbon.

The rebels themselves seem eager to avoid violence and have continuously appealed for calm over the radio stations they seized. Late yesterday they held apparently fruitless talks with the Portuguese military commander in Mozambique.

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Lisbon radio announced late last night that even though the Portuguese government had informed the rebellious whites of "the irreversible nature of the decolonization process," they were maintaining their "criminal stand." The Portuguese have taken pains to praise the behavior of Front leader Samora Machel, who has condemned the dissidents but has refused to move against them with troops. [REDACTED]

EC

Farmer unrest, already widespread this summer, is likely to increase in EC member countries as the agricultural ministers consider difficult decisions on support prices.

[REDACTED]

The anxiety of the farmers has grown as a result of the disagreements at the ministers' meeting last week. Only the Dutch supported a Commission proposal for a 4-percent increase in all farm support prices; France pressed for a range of support price increases, and Belgium, Luxembourg, and Ireland favored a bigger increase. Italy, Denmark, and the UK questioned whether increased supports would in fact help the farmer.

The German minister, who took no position, predicted that the increase proposed by the Commission would merely fuel inflation and lead to further surpluses.

The agricultural ministers--with an eye to farmer unrest--agree that the problem is urgent and apparently are prepared to extend their meeting next week until an agreement is reached on measures to improve farm income. Nevertheless, the outlook is not promising for an early compromise of strongly held national positions.

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USSR

The Russian nationalist wing of the Soviet dissident movement has gained another voice with the appearance of an underground journal entitled Zemlya (Land). According to Western press reports from Moscow quoting dissident sources, Zemlya proclaims itself loyal to the state but calls for a "resurrection of (Russian) national morality and culture" and espouses a "Christian" outlook.

The new journal is edited by Vladimir Osipov, a spokesman for the antidemocratic, Slavophile, Russian nationalist dissidents. In a recent conversation with a US embassy officer in Moscow, Osipov said the Russian nationalists are becoming dominant over the democratic, outward-looking dissidents. He suggested that this may result from the support for the nationalists at high levels in the party and the armed forces. The relatively bold manner in which Osipov has surfaced his new journal--giving his name and address on the title page--may mean that some degree of official protection exists.

Osipov may intend Zemlya to be a successor to the Russian nationalist underground publication Veche, which he founded in 1971. Under Osipov's aegis, Veche became increasingly isolationist, anti-Marxist, and anti-Semitic. In March of this year, Osipov ended his association with Veche, charging that its staff had become infiltrated by secret police agents and provocateurs. He was replaced as editor by Ivan Ovchinikov, a man with a checkered past that includes, according to Osipov, an escape to the West after World War II, work with Radio Liberty, and--upon his return to the USSR--a decade of imprisonment. Osipov thus seemed to be implying that Veche had become a creature of the KGB.

The interplay between the two wings of the dissident movement, as well as mutual allegations of favoritism by the KGB, the party, and the armed forces, will ultimately weaken the image at home and abroad of both wings. Indeed, the KGB has been known to disseminate underground works, both genuine and forged, in an effort to discredit, confuse, and intimidate dissidents.

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The two streams of the dissident movement probably do draw support from elements of Soviet society and the ruling elite. There is no clear evidence, however, that top-level adherents to either of these viewpoints see anything but danger in associating themselves with any dissident groups or in extending them protection.

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BULGARIA

The Bulgarians today are celebrating the 30th anniversary of their liberation from German occupation. Soviet President Podgorny heads the list of foreign dignitaries who are on hand for the occasion.

The Bulgarians are heaping praise on the USSR and--with an eye on the proposed European conference of Communist parties--are reaffirming their support for Moscow's leading role in the "socialist" community.

The selection of Podgorny to head the Soviet delegation means that each of the three top leaders has now been called on to attend such ceremonies in Eastern Europe. General Secretary Brezhnev attended the Polish anniversary in July, and Premier Kosygin attended the Romanian celebration last month.

Moscow did not apply this even-handed approach to attendance at receptions given by the embassies of its allies. Agriculture Minister Polyansky was the only Politburo member to attend the Romanian soiree in Moscow whereas First Deputy Premier Mazurov and senior party secretary Suslov went to the reception given by the more faithful Bulgarians.

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ARGENTINA

The recent "declaration of war" on the government issued by the extreme leftists of the Peronist movement will probably provoke the Peron administration into firmer action against the terrorists.

Mario Firmenich, leader of the Montonero guerrilla organization, issued the call for armed struggle against the government at a clandestine press conference on September 6. He claimed that the government's "repression" had forced the Montoneros to return to the strategy of armed resistance it followed when the movement was launched in 1970. Firmenich, acknowledging his personal role in the killing of former president Aramburu in May 1970, said the Montoneros had carried out several killings, kidnappings, and bombings in recent weeks to signal the opening of a "popular resistance" campaign. The leaders of six Peronist student and labor groups joined Firmenich in the decision to go underground.

The Montoneros' action could free the government to move more vigorously against the extreme left in general. Until now, President Peron had been somewhat reluctant to act against the Montoneros because they claimed Peronist allegiance, despite their frequent criticism of the government.

Following the break by the Montoneros, President Peron met with the interior minister and the military service commanders to plan strategy for dealing with the guerrillas. The armed forces may take a stronger hand in the fight against the terrorists under a special counterinsurgency group that was recently formed within the Ministry of Defense. [REDACTED]

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FOR THE RECORD



Saudi Arabia: Saudi Arabia will purchase \$3 billion worth of US Treasury special security issues over the next six months. King Faysal told the US ambassador that he will decide on further purchases after this transaction is completed. He has indicated that the amount of new US military aid to Israel will weigh heavily in his future decisions. He is concerned that, should the US give large new aid to Israel, the Arab world would interpret the Saudi purchases as support for the Israeli military buildup. [REDACTED]

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